RESPONSE AND REMARKS

REJECTIONS UNDER SECTION 101

The Office Action rejected Claims 1-2, 7-9, 10, 13 and 19-22 under Section 101. Office Action, Topic Nos. 2-4, pgs. 3-7.

REJECTIONS UNDER SECTION 101

The rejections under Section 101 have been carefully considered. Independent Claims 1, 4, and 10 have been amended to more distinctly claim the claimed invention; independent Claim 7 and dependent Claims 2-3, 5-6, 8-9 and 21-23 have been cancelled; and new independent Claim 29 and new dependent Claims 24-28 and 30-32 have been added. It is respectfully asserted that the Claims as amended, and the new Claims, are directed to statutory subject matter.

REJECTIONS UNDER SECTION 103(a)

The Office Action rejected Claims 1-2, 4-5, 7-8, 22-23 under 35 USC 103(a) as being unpatentable over Thiel, (U.S. Patent No. 5,699,258; "*Thiel*") and further in view of FedEx (www.fedex.com; "*FedEx*"). Office Action, Topic Nos. 10-14, pgs 11-15.

The Office Action rejected Claims 3, 6, 9-10, 13, and 19-21 under 35 USC 103(a) as being unpatentable over *Thiel*, in view of *FedEx*, and further in view of Barns-Slavin (U.S. Patent No. 5,117,364; "*Barns-Slavin*").

RESPONSE REGARDING CLAIM REJECTIONS UNDER 103(a)

The rejections of the Claims under Section 103(a) have been carefully considered.

As previously mentioned above, Independent Claims 1, 4, and 10 have been amended to more distinctly claim the claimed invention; Claims 2-3, 5-9 and 21-23 have been cancelled; and new independent Claim 29 and new dependent Claims 24-28 and 30-32 have been added. For the reasons given further below, it is respectfully asserted that the Claims as amended, and the new Claims, are distinguished from the cited references in a number of ways, and are therefore are not obvious in view of, and are

therefore patentable over, the cited references, including *Thiel*, *FedEx*, and *Barns-Slavin*.

THIEL AND THE OTHER CITED REFERENCES FAIL TO DISCLOSE DETERMINING A PARCEL-SPECIFIC SHIPPING RATE FOR EACH DELIVERY SERVICE FOR EACH CARRIER THAT WOULD SHIP A PARTICULAR PARCEL AND GENERATING A DISPLAY OF AN INTERACTIVE CROSS-COMPARISON PROMPT OF SUCH PARCEL-SPECIFIC SHIPPING RATES AS REQUIRED BY AMENDED INDEPENDENT CLAIMS 1, 4 AND 10.

Amended independent Claim 1 claims determining a simultaneous potential delivery schedule and shipment rate cross-comparison that comprises service-specific, carrier-specific delivery schedules and corresponding shipping rates for shipping a particular parcel from a first address to a second address according to user-specified parcel information and according to a shipping date. Accordingly, it is respectfully asserted that Claim 1 requires that the claimed delivery schedule and the claimed corresponding shipment rate are specific to the particular parcel. *See also* Claims 4 and 10 (claiming similar limitations).

Further, as amended, each service-specific, carrier-specific delivery schedule and corresponding shipping rate of the claimed cross-comparison of Claim 1 corresponds to a delivery service offered by a carrier that would ship the particular parcel from a first address to a second address according to the user-specified parcel information and according to the shipping date. *See also* Claims 4 and 10 (claiming similar limitations).

For the reasons given further below, it is respectfully asserted that the cited references do not disclose such a simultaneous cross-comparison of a parcel-specific set of delivery schedules and corresponding shipping rates.

The Office Action points to *Thiel* at column 6, lines 7-11 (*see, e.g., Office Action*, Topic No. 16, p. 16) to support the proposition that *Thiel* discloses generating an online, interactive shipping rate cross-comparison prompt. However, it is respectfully asserted that the data tables disclosed by *Thiel* at column 6, lines 7-11 are data tables that are stored tables that comprise rating components, not parcel-specific calculations. *See, e.g., Thiel*, col. 6, lines 4-6 (disclosing that "the receiver download[s] a plurality of data tables from the transmissions means ..."). The *Thiel* table disclosed at column 11, lines

1-13 of *Thiel* (the "*Thiel* Table") is described by *Thiel* as a "table [that] is exemplary of such a comparison ..." *Thiel*, col. 10, lines 66-67. The rating components in the *Thiel* Table are disclosed in *Thiel* as being used to calculate shipping rates depending on a user's first defining the required services. *See Thiel*, col. 11, lines 15-44. That is, the *Thiel* Table *precedes* any calculation of rates.

Further, as stored tables that are downloaded (*see, e.g., Thiel*, col. 6, lines 4-6), the *Thiel* data tables are not "generated" as required by Claim 1. *See also, e.g.,* Claims 4 and 10 (claiming similar limitations). Yet further, it is respectfully asserted that there is nothing about the stored *Thiel* tables that resembles the claimed interactive prompt.

Moreover, it is respectfully asserted that before calculating any shipping rates, *Thiel* presumes that a delivery service is first *pre-selected* by a *Thiel* user. In particular, the above-mentioned cited disclosure of *Thiel* explains that the stored *Thiel* Table is used to perform a mask search *after* the user has already "defined the required services":

> The user of the franking machine first defines the required services. This is done by entering the data with regard to the ship-to zone (the destination zone) and the desired additional services such as express delivery (E), return receipt (R), etc. ... In a first selection process, a mask (a first step selection) searches the carriers which offer the desired services.

Thiel, col. 11, lines 15-23. That is, only *after* the user has *pre-selected* the desired delivery service, such as, *e.g.,* Express Delivery, will the *Thiel* system use the components stored in the *Thiel* Table to calculate shipping rates for the carriers that would offer the desired delivery service. *See, e.g., Thiel*, col. 11, lines 15-30.

Therefore, in order for a user of *Thiel* to obtain a shipping rate calculation for *each service* offered by *each carrier* to deliver a parcel as required by, for example, independent Claim 1, the user of *Thiel* would have to select a first desired delivery service, such as, *e.g.,* Express Delivery, and instruct the *Thiel* system to calculate rates for that first desired delivery service across all of the *Thiel*-served carriers. The *Thiel* user would then have to select a second desired delivery service, such as, *e.g.,* delivery without Express Delivery, and instruct the *Thiel* system to calculate rates for that second desired delivery service across all of the *Thiel*-served carriers.

The above-described steps that a *Thiel* user would have to take to obtain a shipping rate calculation for *each delivery service* offered by *each carrier* of the plurality of carriers that would deliver a particular parcel is evidence that *Thiel* does not disclose the above-described limitations of amended independent Claims 1, 4 and 10.

For the above-given reasons, it is respectfully asserted that amended Claims 1, 4 and 10 of the present application, and their respective dependent Claims, are distinguished from, and patentable over, the cited references, including *Thiel*.

FEDEX, BARNS-SLAVIN AND THE OTHER CITED REFERENCES FAIL TO DISCLOSE GENERATING AN INTERACTIVE CROSS-COMPARISON DISPLAY OF PARCEL-SPECIFIC SHIPPING RATES COMPRISING A GRAPHIC INDICATION OF CALENDAR DELIVERY DATES AND TIMES AS REQUIRED BY AMENDED INDEPENDENT CLAIMS 1, 4 AND 10.

The Office Action points to *FedEx* as disclosing delivery dates and delivery times. (*see, e.g., Office Action*, Topic No. 11, p. 13) and cites *Barns-Slavin* as disclosing an online interactive prompt (*see, e.g., Office Action*, Topic No. 16, pgs. 16-17).

It is respectfully asserted that although *FedEx* discloses general delivery standards, such as "Next day" or "Two day" delivery, and associated general delivery times (e.g., before a certain time of day for certain cities), *FedEx* fails to disclose determining parcel-specific delivery dates and times and displaying shipping rates in an interactive display comprising a graphic indication of the respective *calendar* delivery dates and times as required by amended independent Claim 1. *See also* Claims 4 and 10 (claiming similar limitations).

The basis for the citation to *Barns-Slavin* has been carefully considered. It is respectfully asserted that *Barns-Slavin* discloses a machine with hard keys, not an online interactive prompt. Even so, as amended, Claim 1 more distinctly claims "generat[ing] an online interactive prompt for display to a display monitor configured with said client computer ...." It is respectfully asserted that *Barns-Slavin* fails to disclose the claimed limitations of Claim 1 as amended. *See also* Claims 4, 10 and 29 (claiming similar limitations).

Moreover, as amended, Claim 1 claims that the claimed online interactive prompt comprises "an interactive, two-dimensional, graphic cross-comparison display of each of

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said respective shipping rates for each said particular delivery service ... [that comprises] a display of a corresponding graphic indication of the respective calendar delivery date and the respective delivery time ...." *See also* Claims 4, 10 and 29 (claiming similar limitations). It is respectfully asserted that <u>*Barns-Slavin*</u> and the other cited references fail to disclose the above-described claimed limitations of amended Claims 1, 4, 10 and 29.

For the above-given reasons, it is respectfully asserted that amended Claims 1, 4 and 10, and new Claim 29, of the present application, and their respective dependent Claims, are distinguished from, and patentable over, the cited references, including <u>*FedEx*</u> and <u>*Barns-Slavin*</u>.

THE CITED REFERENCES FAIL TO DISCLOSE GENERATING AN INTERACTIVE CROSS-COMPARISON DISPLAY OF PARCEL-SPECIFIC SHIPPING RATES SUCH THAT EACH SHIPPING RATE IS INTERACTIVE FOR SELECTION FOR GENERATION OF A SHIPPING LABEL AS REQUIRED BY AMENDED INDEPENDENT CLAIMS 1, 4, 10 AND 29.

As distinguished from the cited references, amended Claim 1 claims that each interactive shipping rate field is "... configured for receiving a selection by the particular user of said respective shipping rate and further configured for responding to said selection with generating a shipping label for print rendering using a print rendering device in communication with said client computer ...." *See also* Claims 4, 10 and 29 (claiming similar limitations).

Yet further still, new Claim 26 claims limitations that are further distinguished from the cited references. In particular, Claim 26 claims using the Internet-based computer system to dynamically configure the claimed online interactive prompt to present calendar delivery dates and delivery times corresponding to each of the delivery services offered by each of the carriers that would deliver the particular respective parcel from the first address to the second address according to the indication of the shipping date.

It is respectfully asserted that <u>*Barns-Slavin*</u>, <u>*Thiel*</u> and <u>*FedEx*</u>, even if considered in combination, do not disclose the aforementioned limitations claimed by amended Claims 1, 4, and 10, and by new Claims 26 and 29.

For the above-given reasons, it is respectfully asserted that the amended and new Claims of the present application are distinguished from, and patentable over, the cited references.

REJECTIONS UNDER SECTION 102(b)

The Office Action rejected Claims 1-10, 13, and 19-23 under 35 USC 102(b), asserting that actions disclosed in Applicant's previously-filed Declaration ("Verified Statement (Declaration) Number 1 ..." (which may be referred to herein as the "*Dietz Declaration*" or "*Dietz Decl.*")) indicate activities that are subject to a statutory bar of the previously-claimed invention. Office Action, Topic Nos. 5-8, pgs. 8-10. In order to further consider the matter regarding the Section 102(b) rejection, the Office Action indicated that additional information be provided regarding the circumstances relating to the agreement between Movelt! Software, Inc. and College Enterprises, Inc. and regarding the Santa Barbara Beta Test.

RESPONSE TO REJECTIONS UNDER SECTION 102(b)

It is respectfully asserted, for the reasons given and under the authorities cited below, that the activities described by the previously-filed *Dietz Declaration* comprise a *bona fide* experimental use/testing exception to Section 102(b); information responsive to the Examiner's requirement for additional information is provided herewith and below. Even so, it is respectfully asserted, as described further below, that the amended Claims are distinguished from the embodiment that was the subject of the previously-described experimental use/testing activities and are therefore not subject to a statutory bar under Section 102(b).

The Amended Claims Are Distinguished From the Embodiment That Was the Subject of the Santa Barbara Test and are Therefore Not Subject to a Statutory Bar Under Section 102(b)

For the reasons given further below, it is respectfully asserted that the amended Claims of the present application are distinguished from the system that was the subject

of the Santa Barbara Beta Test. In particular, amended Claim 1, for example, claims generating an online interactive prompt of interactive shipping rate fields that are configured for user selection, such that a user selection of such an interactive shipping rate field results in the generation of a shipping label for printing at a printer that is in communication with the user's client computer.

As explained in Paragraph 10 of the Declaration by William W. Smith III filed concurrently herewith (the "*Smith Declaration*" or "*Smith Decl'n*"), the MoveIt!/iShip.com system tested as part of the Santa Barbara Beta Test did not provide the aforementioned Claimed feature. In particular, as explained in paragraph 10 of the *Smith Declaration*, the Santa Barbara Beta Test website did not generate an online interactive prompt of interactive shipping rate fields that were configured for user selection, such that a user selection of such an interactive shipping rate field would result in the generation of a shipping label for printing at a printer that was in communication with the user's client computer.

Rather, as explained in paragraph 10 of the *Smith Declaration*, the MoveIt!/iShip.com system tested as part of the Santa Barbara Beta Test would receive a user's pre-processing input for a package and would display a chart of rates. *See also, e.g., Smith Declaration*, Exhibit A (depicting a screen mockup for the Santa Barbara Beta Test showing a display of a chart of rates). As further explained in paragraph 10 of the *Smith Declaration*, although the Santa Barbara Test displayed charted rates were selectable, a user clicking on a particular rate in the chart of rates would not result in the printing of a shipping label – rather, clicking on a particular rate would only cause a display of a screen summarizing the shipping information, and depicting an estimated shipping cost and a package number. *See also, e.g., Smith Declaration*, Exhibit B (depicting a screen mockup for the Santa Barbara Beta Test showing a summary of shipping information with an estimated shipping cost and a package number).

As further explained in paragraph 10 of the *Smith Declaration*, a pre-processing student or faculty user would then have to take the package to be shipped to a Shipping Station operator (who would have been subject to a confidentiality agreement) at CEI's Pulse Copy and Technology Center for final label generation and shipping. As further

explained in paragraph 10 of the *Smith Declaration*, at the CEI Pulse Copy and Technology Center, a CEI Shipping Station operator (who would have been subject to a confidentiality agreement) would then have to enter the package number and weigh the package. *See also, e.g., Smith Declaration*, Exhibits C and D (depicting shipping station screen mockups for entry of a package number and showing a weight of a package). As further explained in paragraph 10 of the *Smith Declaration*, after entering a package number and weighing a package, the CEI Shipping Station operator (who would have been subject to a confidentiality agreement) would then have been able to print a shipping label. *See also, e.g., Smith Declaration*, Exhibit E (depicting a shipping station screen mockup for printing a shipping label).

For the reasons given above, it is therefore respectfully asserted that the amended Claims of the present application are distinguished from the system tested in the Santa Barbara Beta Test. *See also, e.g., Dietz Decl.*, ¶ 18 (explaining that even though student and faculty users of the Santa Barbara Beta Test were able to rate shop and schedule shop, their subsequent clicking of a particular rate "... would display a screen summarizing the shipping information and depicting an estimated shipping cost ..." and further explaining that such a pre-processing user would then have to take the package to be shipped to the Pulse Copy and Technology Center for final label generation and shipping).

Accordingly, it is respectfully asserted that the Claims of the present application are not subject to any on-sale bar under Section 102(b). *Cf., e.g., Keystone Retaining Wall Systems, Inc. v. Westrock, Inc.*, 997 F.2d 1444, 1451 (Fed. Cir. 1993) ("An on sale bar determination requires that the claimed invention asserted to be on sale was operable, the complete invention claimed was embodied in or obvious in view of the device offered for sale, and the sale or offer was primarily for profit rather than for experimental purposes."; reversing a district court's grant of summary judgment of invalidity under section 102(b) where material facts were in issue as to the equivalence of the item installed prior to the relevant date with respect to the claimed limitations).

For the above-given reasons and under the above-given authorities, it is respectfully asserted that the Claims of the present application are not subject to a

statutory bar under Section 102(b) and it is therefore respectfully asserted that the rejection of the Claims of the present application under Section 102(b) be withdrawn.

Further, notwithstanding the above-given reasons in view of the above-given authorities why the amended Claims of the present application are not subject to a statutory bar under Section 102(b), for the reasons given and under the authorities cited below, and in view of the evidence previously filed and the evidence concurrently filed herewith, it is respectfully asserted that the Santa Barbara Beta Test comprised a *bona fide* experimental use/testing exception and that the Claims of the present application are therefore excluded from a statutory bar under Section 102(b) on grounds of actions by Applicants as part of the Santa Barbara Test.

Response to Office Action Request for Information Regarding System Access.

The Office Action indicated that information should be provided regarding identification of those who had access to the shipping stations and shipping software. *Office Action*, Topic No. 8, p. 9.

In response to the request for beta test access information, Applicants begin by respectfully referring to the information provided in Paragraphs 16-19 of the previously-filed *Dietz Declaration* and Exhibit H to that Declaration referred to by Paragraph 16 of that Declaration. As disclosed in Paragraph 16 of the previously-filed *Dietz Declaration*, "[t]he Pulse Copy and Technology Center shipping station operators were employees of or contractors to CEI and were subject to a non-disclosure agreement between MoveIt!/iShip.com and CEI." *Dietz Decl.*, ¶16 (referring to Exhibit H, as a true and correct file copy of the non-disclosure agreement between CEI and MoveIt!/iShip.com). As disclosed in Paragraph 17 of the previously-filed *Dietz Declaration*, "... there were four types of computers that communicated through the Beta Test shipping process: a plurality of shipper client personal computers ('PC'), a single shipping station PC located in the Pulse Copy & Technology Center on the UC Santa Barbara campus, a plurality of server computers at MoveIt!/iShip.com's headquarters (the "system servers"), and a plurality of carrier computer systems." *Dietz Decl.*, ¶17.

As explained by the previously-filed *Dietz Declaration*, student and faculty shippers could access the MoveIt! website to pre-process a shipment. *See Dietz Decl.*,

¶17 ("... a shipper could locate the MoveIt! Website through the Web browser on the shipper's client PC ...."); *Dietz Decl.*, ¶18 ("The Santa Barbara Beta Test prototype provided student and faculty shippers with the ability to pre-process their packages for shipment."). However, in order "[t]o actually ship a parcel, the [student or faculty] shipper, after pre-processing, would then have to physically take the package to be shipped to the shipping station at the Pulse Copy and Technology Center for weight validation, label generation and drop-off." *Dietz Decl.*, ¶18; *see also, e.g., Dietz Decl.*, ¶16 (attesting to the requirement that "... Pulse Copy and Technology Center shipping station operators were employees of or contractors to CEI and were subject to a non-disclosure agreement between MoveIt!/iShip.com and CEI.").

Applicants did not assert that Santa Barbara Test environment pre-processing users (*e.g.*, student and faculty users) were required to sign a confidentiality agreement.

However, it is respectfully asserted that access of the Santa Barbara Beta Test environment was restricted to accesses from Internet Protocol Addresses on the Santa Barbara campus. *See Smith Decl.*, ¶7. That is, the Beta Test environment was not accessible by computers that accessed the Internet from Internet Protocol Addresses that were outside of the Santa Barbara campus. *See Smith Decl.*, ¶7.

Moreover, it is respectfully asserted that the MoveIt/iShip.com computer software code was viewable and modifiable only by those personnel that worked for MoveIt!/iShip.com. *See Smith Decl.*, ¶8.

It is respectfully asserted that the above-provided information is a complete reply under 37 C.F.R. Section 1.105 to the requirement for information regarding Beta Test access.

Response to Office Action Request for Information Regarding the Beta Testing Process.

The Office Action indicated that information should be provided regarding "... the beta testing process showing or logging the discovery of defects and repair thereof ..." and including "... makeup of the various versions of the software leading up and in comparison to, the production release software ...." *Office Action*, Topic No. 8, p. 9.

In response to the request for beta test process and software change information, Applicants begin by respectfully referring to the information provided in Paragraphs 18-21 of the previously-filed *Dietz Declaration* and Exhibit I to that Declaration referred to by Paragraph 18 of that Declaration. *See Dietz Decl.*, ¶21 (explaining that MoveIt!/iShip.com applied at least hundreds of software modifications and made hardware adjustments to fix defects identified by both the Beta Test participants on the U.C. Santa Barbara campus and by MoveIt!/iShip.com support personnel); *Dietz Decl.*, ¶¶ 18-20 (describing pre-processing functionality of the Santa Barbara Beta Testing environment and further describing shipment label finalization, payment and label printing for UPS shipment by a shipping station operator (who would have been subject to a non-disclosure agreement), and further describing UPS-only limitations of the "very first Beta release" and rate shopping and schedule shopping capabilities in later versions of the Santa Barbara Beta Test environment); *see also, e.g.*, *Dietz Decl.*, ¶16 (attesting to the requirement that "... Pulse Copy and Technology Center shipping station operators were employees of or contractors to CEI and were subject to a non-disclosure agreement between MoveIt!/iShip.com and CEI.").

In further support of the testing problem identification and consequent fixes that were applied to the Santa Barbara Beta Test MoveIt/iShip.com software, it is respectfully submitted that the *Smith Declaration* confirms that during and throughout the Santa Barbara Test, MoveIt!/iShip.com supported several Beta releases, applying at least hundreds of software modifications and making hardware adjustments to fix defects identified by both the Beta Test participants on the U.C. Santa Barbara campus and by MoveIt!/iShip.com support personnel. *Smith Decl.*, ¶9.

As explained in the *Smith Declaration*, the software fixes made as a result of the Santa Barbara Beta Test were logged using software named "Tracker" by a company named "Intersolv." *Smith Decl.*, ¶9. Under 37 C.F.R. Section 1.105(a)(4), as further explained in the *Smith Declaration*, although the Declarant believes that a backup tape of the software fixes may still exist, the Declarant is unaware of the location of such a backup tape. *Smith Decl.*, ¶9. Under 37 C.F.R. Section 1.105(a)(4), as explained in the *Smith Declaration*, the location of such a backup tape is unknown by the Declarant as a result of more than a decade having passed since the company for which the Declarant

works was the subject of multiple mergers and acquisitions. Further, under 37 C.F.R. Section 1.105(a)(4), as explained in the *Smith Declaration*, the Declarant believes that the company for which the Declarant works, iShip, is no longer in possession of a viable copy of the Tracker software that would be needed to intelligibly display the software fixes that had been made during the Santa Barbara Beta Test in the form of a software log. *Smith Decl.*, ¶9.

It is respectfully asserted that in view of the provisions of Section 1.105(a)(4), the above-provided information is a complete reply under 37 C.F.R. Section 1.105 to the requirement for regarding Beta Testing processes.

Office Action Request for Information Regarding Revenue Derived from the Beta Testing Process and/or from other Pre-Filing Activities.

The Office Action indicated that information should be provided regarding "... whether any revenue, money, or other consideration was transacted or agreed to be transacted more than a year before the invention in any way relating to the MoveIt!/CEI agreement and/or any other of MoveIt's many other agreements directed to the claimed invention, and if so, any further information regarding which that is available to Applicant." *Office Action*, Topic No. 8, pg. 9-10.

In response to the request for information regarding revenue derived from the beta test process and/or other activities preceding the filing of the first provisional application to which the present application claims priority, Applicants begin by respectfully referring to Paragraph 22 of the previously-filed *Dietz Declaration* which attests that "[n]o revenues derived from the use of the system to ship packages were ever shared by CEI with MoveIt!/iShip.com."). It is respectfully asserted that in view of the provisions of Section 1.105(a)(4), the above-provided information is a complete reply under 37 C.F.R. Section 1.105 to the requirement for information regarding revenue derived regarding the Santa Barbara Beta Test.

Even so, in support of the aforementioned statement in the previously-filed *Dietz Declaration*, the *Smith Declaration* further explains that CEI was the party with whom the carriers (*e.g.*, UPS, Airborne, etc.) would have contracted to pay revenues for packages that were shipped through CEI's Pulse Copy and Technology Center at UC

Santa Barbara. *See Smith Decl'n*, ¶11. As further explained in the *Smith Declaration*, revenues from the carriers would have been earned by CEI whether or not a student or faculty member may have first "pre-processed" shipping of their respective packages using the Beta Test Movelt!/iShip website, and whether or not a CEI Shipping Station Operator (who would have been subject to a confidentiality agreement) may have used the Beta Test Movelt!/iShip website to print a shipping label. *See Smith Decl'n*, ¶11. It is respectfully asserted that CEI never shared any revenues with Movelt!/iShip that CEI may have derived for packages that may have been shipped with a label that may have been printed, or for a package that may have been pre-processed, using the Beta Test Movelt!/iShip.com website. *See Smith Decl'n*, ¶11; *see also Dietz Decl.*, ¶ 22 (attesting that "[n]o revenues derived from the use of the system to ship packages were ever shared by CEI with Movelt!/iShip.com.").

With regard to the request by the Office Action for information regarding revenue related to other pre-filing activities, Applicants begin by respectfully referring Paragraph 14 of the previously-filed *Dietz Declaration* which attests that "During the 1997-98 time frame, it was Movelt!/iShip.com's business model to propose a revenue sharing plan to potential platform partners. Under the revenue sharing business model proposed by Movelt!iShip.com, neither the potential platform partner, nor Movelt!/iShip.com, would derive revenue unless and until an end customer used the system to ship a package. Under the revenue sharing business model proposed by Movelt!/iShip.com, revenues derived from the relevant carrier used by an end consumer to ship a package were to be split between the potential platform partner and Movelt!/iShip.com." *Dietz Decl.*, ¶14 (referring to that Declaration's Exhibit F as a true and correct copy of a representative revenue sharing proposal made to Pitney Bowes).

As explained in Paragraph 15 of the previously-filed *Dietz Declaration*, Movelt! eventually entered into such a revenue-sharing agreement with College Enterprises, Inc. ("CEI"). *See Dietz Decl.*, ¶15.

It is respectfully asserted that after the Santa Barbara Test, on or about October 2, 1998, Movelt!/iShip.com entered an agreement whereby Movelt!/iShip.com would pay Microsoft a fee based on the number of "click throughs" from the Microsoft (MSN) website to a Movelt!/iShip.com Website. *See Smith Decl'n*, ¶12; *see also, e.g., Dietz*

Decl., ¶23. It is respectfully asserted that an embodiment of the "click through" agreement between Movelt!/iShip.com and Microsoft was not implemented live on the Internet until sometime on or after October 6, 1998, which did not precede by more than one year the October 6, 1999 filing date of the first provisional application to which the present application claims priority. See *Smith Decl'n*, ¶12.

After the Santa Barbara Beta Test, and until the above-mentioned Microsoft "click-through" live Internet implementation it is respectfully asserted that Movelt!/iShip.com did not enter into any further revenue-sharing agreements with any other platform partners, and did not derive any revenues from any such agreements. See *Smith Decl'n*, ¶13.

It is respectfully asserted that in view of the provisions of Section 1.105(a)(4), the above-provided information is a complete reply under 37 C.F.R. Section 1.105 to the requirement for information regarding revenue derived from Beta Testing and other pre-filing activities.

EXPERIMENTAL USE AND TESTING IS ALLOWED AND IS NOT SUBJECT TO A BAR BY SECTION 102(b)

For the reasons given, and under the authorities cited, below, it is respectfully asserted that the Claims of the present application are not subject to a statutory bar under Section 102(b) and that the rejection of the Claims of the present application on that ground should therefore be withdrawn.

A. The Santa Barbara Beta Test Was a Bona Fide Experimental Use/Testing Exception to Section 102(b) Under the Law

In view of the testing problem identification and consequent software fixes that were applied to Movelt! software and hardware as a result of, and throughout, the Santa Barbara Beta Test (*see Smith Decl.*, ¶9; *Dietz Decl.*, ¶21), it is respectfully asserted that the Santa Barbara Beta Test comprised a *bona fide* experimental use/testing exception as recognized by the law and does not subject the present application to a statutory bar under Section 102(b). "The law recognizes an inventor's need to test the invention, to ascertain whether the work is complete or further changes should be made, and to

show that the invention will work for its intended purpose." *Baker Oil Tools, Inc. v. Geo Vann, Inc.*, 828 F.2d 1558, 1563 (Fed. Cir. 1987). *See also, e.g.,* *C.R. Bard, Inc. v. M3 Systems, Inc.*, 157 F.3d 1340, 1357 (Fed. Cir. 1998) ("... [N]ormally the on-sale bar does not accrue based on customer contacts made while the product is still being developed or tested ..."; sale of medical guns/needles to potential distributor for clinical trials to defray costs did not trigger 102(b); citing with approval *Keystone Retaining Wall Systems, Inc. v. Westrock, Inc.*, 997 F.2d 1444, 1451 (Fed. Cir. 1993) (on-sale bar "requires that the device asserted to be on sale was operable"); *Seal-Flex, Inc. v. Athletic Track and Court Constr.*, 98 F.3d 1318, 1322 (Fed. Cir. 1996) ("... the policy embodied in §102(b) does not require that the one-year period start to accrue on an invention that is not yet known to work satisfactorily for its intended purpose. Precedent illustrates a variety of factual situations wherein contacts with potential customers before an invention was completed did not start the accrual of the on-sale bar period."; invention not completed if it required testing under conditions of actual use)); *EZ Dock, Inc., v. Schafer Systems, Inc.*, 276 F.3d 1347, 1353 (Fed. Cir. 2002) ("When an inventor can show changes during experimentation that result in features later claimed ..., this evidence is a strong indicator that the activities ... negated ... premature commercial exploitation ...."; vacating as improper a district court's grant of summary judgment that a patent was invalid due to on-sale bar where an item embodying the subject patent was sold to someone to test the item in the intended environment); *Adams v. Columbus Mfg. Co., Inc.*, 180 F. Supp. 921, 926 (M.D.Ga 1960) ("The experiments resulted in changes which made practical commercial operation possible and led to the perfection of the invention. The inventor is entitled to perfect and to properly test his invention before the statutory period begins to run."); *Adams v. Columbus Mfg. Co., Inc.*, 180 F. Supp. 921, 925 (M.D.Ga 1960) ("'(a) use by the inventor, for the purpose of testing the machine, in order by experiment to devise additional means for perfecting the success of its operation, is admissible; and where, as incident to such use, the product of its operation is disposed of by sale, such profit from its use does not change its character ....'").

It is respectfully asserted that even though the students and faculty of UC Santa Barbara were not subject to any confidentiality agreement, such testing, even had it

been in public, has been held by the Supreme Court to not constitute a public use subject to a statutory bar under Section 102(b) if done for purposes of testing. *See Elizabeth v. Pavement Co.*, 97 U.S. 126, 135 (1877) (holding that pavement of a public roadway was not a public use within the meaning of section 102(b) even after six years of public exposure). In *Elizabeth v. Pavement Co.*, the Supreme Court held that:

> "It would not be necessary, in such a case, that the machine should be put up and used only in the inventor's own shop or premises. He may have it put up and used in the premises of another, and the use may inure to the benefit of the owner of the establishment. Still if used under the surveillance of the inventor, and for the purpose of enabling him to test the machine, and ascertain whether it will answer the purpose intended, and make such alterations and improvements as experience demonstrates to be necessary, it will still be a mere experimental use, and not a public use, within the meaning of the statute. ... Whilst the supposed machine is in such experimental use, the public may be incidentally deriving a benefit from it. If it be a grist-mill, or a carding-machine, customers from the surrounding country may enjoy the use of it by having their grain made into flour, or their wool into rolls, and still it will not be in public use, within the meaning of the law."

Elizabeth v. Pavement Co., 97 U.S. 126, 135 (1877).

Further, it is respectfully asserted that the CEI Agreement (Exh. G to the previously-filed *Dietz Declaration* (specifying installation of a "Beta" version within five to six months after the agreement is made for an estimated 30-90 day operation) is objective contemporaneous evidence in the present case of the intention to experiment and test the MoveIt!/iShip.com software and as such, makes clear that, at the time, the subject activities were considered to be experimental. *See, e.g., CEI Agreement*, Exh. G to the previously-filed *Dietz Declaration* (specifying installation of a "Beta" version within five to six months after the agreement is made for an estimated 30-90 day operation). *See also, e.g., Manville Sales Corp. v. Paramount Systems, Inc.*, 917 F.2d 544, 551 (Fed. Cir. 1990) ("Nor is this a case of a patentee attempting, after the fact, to portray his earlier actions as experimental use"; holding that internal company memorandum contemporaneous in time with subject activities made clear that, at the time, the subject activities were considered by the inventor to be experimental).

For the above-given reasons and under the above-cited authorities, it is respectfully asserted that the Claims of the present application are not subject to the

statutory bar under Section 102(b) and it is therefore respectfully requested that the rejection of the Claims of the present application on that ground be withdrawn.

B. The Incidental Cost-Defrayal Nature of the Proposed Revenue Sharing Agreements and of the Santa Barbara Beta Test Agreement Do Not Constitute Invalidating Public Sales.

As indicated by Paragraph 22 of the previously-filed *Dietz Declaration* and Paragraph 11 of the *Smith Declaration*, no revenue was derived from CEI by Movelt!/iShip.com from the Santa Barbara Beta Test. Moreover, it is respectfully asserted that the revenue sharing arrangements proposed by Movelt!/iShip.com were at most, cost-defrayal proposals between proposed collaborators incident to the experimental use and do not invoke application of a statutory bar under Section 102(b). *Cf., e.g., C.R. Bard, Inc. v. M3 Systems, Inc.*, 157 F.3d 1340, 1356 (Fed. Cir. 1998) (holding that sale of medical guns/needles to potential distributor for clinical trials to defray costs did not trigger 102(b)); "Generally cost defrayal arrangements between collaborators are not deemed to be invalidating sales, nor are payments for use substantially for test purposes."). "'... [A] use by the inventor, for the purpose of testing the machine, in order by experiment to devise additional means for perfecting the success of its operation, is admissible; and where, as incident to such use, the product of its operation is disposed of by sale, such profit from its use does not change its character ....'" *Adams v. Columbus Mfg. Co., Inc.*, 180 F. Supp. 921, 925 (M.D.Ga 1960) (quoting *Smith & Griggs Mfg. Co. v Sprague*, 123 U.S. 249, 256, 8 S. Ct. 122, 126, 31 L.Ed. 140 (1887)). *See also, e.g., Baker Oil Tools, Inc. v. Geo Vann, Inc.*, 828 F.2d 1558, 1564 (Fed. Cir. 1987) (reversing a grant of summary judgment invalidating a patent under section 102(b) where the patent owner had charged for components left in a well after conducting experimentation and even in the absence of a secrecy agreement). "The circumstances of payment, it is well established, are factors to be weighed, but payment does not per se make a section 102(b) bar." *Id.* (citing with approval numerous cases where payments were made but where the subject activities did not constitute 102(b) activities).

For the above-given reasons and under the above-cited authorities, it is respectfully asserted that the Claims of present application are not subject to the

statutory bar under Section 102(b) and it is therefore respectfully requested that the rejection of the Claims of the present application on that ground be withdrawn.

C. The Duration of the Santa Barbara Beta Test Agreement Does Not Invalidate the Experimental Nature of the Testing Because Problems Were Identified and Subsequently Resolved Throughout the Process.

In view of the extensive testing problem identification and consequent software fixes that were applied to the MoveIt! software as a result of and throughout the Santa Barbara Beta Test (*see* *Smith Decl.*, ¶9; *Dietz Decl.*, ¶21), it is respectfully asserted that the duration of the Santa Barbara Beta Test was reasonable and does not subject the experimental use/testing by MoveIt!/iShip.com to the statutory bar under Section 102(b). *See, e.g.,* *Ethicon, Inc. v. U.S. Surgical Corp.,* 762 F. Supp. 480, 506 (D. Conn 1991) ("Under the patent laws, the period of 'experimental use' continues until after the inventor conducts tests needed to convince himself that the invention is capable of performing its intended purpose in its intended environment."'; doctor-performed clinical procedures prior to one year before patent application was filed was experimental use where there had been no prior testing of subject surgical instruments on humans). *See also, e.g.,* *Manville Sales Corp. v. Paramount Systems, Inc.,* 917 F.2d 544, 551 (Fed. Cir. 1990) ("The iris arm device was specifically designed to withstand year around weather. Prior to its testing in the winter environment, there really was no basis for confidence by the inventor that the invention would perform as intended, and hence no proven invention to disclose"); *Elizabeth v. Pavement Co.,* 97 U.S. 126, 135 (1877) ("If durability is one of the qualities to be attained, a long period, perhaps years, may be necessary to enable the inventor to discover whether his purpose is accomplished. And though, during all that period, he may not find that any changes are necessary, yet he may be justly said to be using his machine only by way of experiment; and no one would say that such a use, pursued with a bona fide intent of testing the qualities of the machine, would be a public use, within the meaning of the statute. ..."; holding that pavement of a public roadway was not a public use within the meaning of section 102(b) even after six years of public exposure).
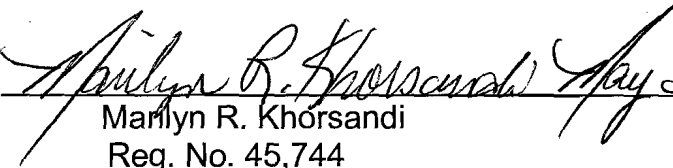
For the above-given reasons and under the above-cited authorities, it is respectfully asserted that the Claims of the present application are not subject to the statutory bar under Section 102(b) and it is therefore respectfully requested that the rejection of the Claims of the present application on that ground be withdrawn.

CONCLUSION

In view of the amendments made herewith, it is respectfully asserted that the Claims are not subject to any statutory bar under Section 102(b) and that the Claims are non-obvious in view of, and are therefore patentable over, the cited references, and are in condition for allowance. Accordingly, it is therefore respectfully requested that the present application be reconsidered and allowed.

Respectfully submitted,

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